



# MISSOURI Rural Development

## MULTI-FAMILY HOUSING NEWS

Volume: 2006

January

### NEW REGULATIONS TRANSITION

On February 24, 2006, the requirements of 7 CFR 3560 will have been in effect for a year. As with any change of this magnitude, we are all still struggling with the new or revised requirements and also with the continual refinements of the regulation at the national level. Hopefully, the majority of you were able to attend the borrower training meetings that were held across the state and all of you have a printed copy of the CFR and Handbooks for reference. We have been advised by National Office that the handbooks are being revised but we cannot provide you with a date to expect the changes.

We know that this has been a challenging year at best, for owners, managers and Rural Development employees. There have been numerous questions and of course, different interpretations that we continue to work through. After operating in the same mode for in excess of 20 years, it is sometimes difficult to understand why the rules change, but they do. We will continue to strive to make you aware of ongoing changes and to bring consistency to the program. We appreciate your patience during this transition, and please feel free to contact the Rural Development field staff if you have questions.

### VERIFICATION OF EMPLOYMENT

It has come to our attention that some employers are hiring an on-line service to handle income verifications and they are charging a fee which adds cost to the complex. We have been asked if an alternative form of verification could be used. We have researched this request with regulations and believe we can circumvent these fees. HB-2, Section 6.11 states the following: "Written verifications provided by third-party sources or documents prepared by third-party sources are generally preferred." Based on this statement, if the third party will be charging an expense that seems costly for the project, you can accept written documents prepared by a third party which could mean pay stubs. Remember to use gross income before deductions. If you obtain pay stubs, you should obtain several, not just the last one, to determine any possible overtime trends. You can also require a copy of their tax return when you are not able to verify from a third party. You should incorporate policies such as these in your management plan regarding determining tenant eligibility. Explain your verification procedures such as obtaining third party verifications directly from the employer when possible and, if it cannot be obtained or the cost is prohibitive, explain what documents you will require to verify income. If you address these types of items in your tenant eligibility criteria which is a part of the management plan and the tenant does not or cannot

provide you with the information, they are not considered eligible because you have not been able to verify income.

## POLICY CORNER

**WE NEED YOUR HELP!** As you all know, Rural Development is aggressively pursuing tenants who fail to report their income. This is in an effort to curb fraud, waste and abuse in the Multi-Family Housing Program. Your cooperation in this effort is greatly appreciated and we look forward to working with you in the future. However, we have noticed a problem in communication between the site managers and the management agents or the borrowers. Please assure that you have an adequate tracking system in place so that each and every payment made to the site manager is reported to the management agent or the borrower who in turn, reports to Rural Development. We have to assure that the payments made by the tenants are collected by Rural Development and credited to the tenant's debt. As you know, when tenants vacate the unit and unauthorized assistance has been identified, we begin to service their debt through the U.S. Treasury Offset Program. It is imperative that an adequate tracking system be established. You have done an outstanding job in reducing the occurrences of tenant misreporting and

we appreciate all your efforts. THANK YOU!

**MEDICAL EXPENSE DEDUCTIONS:** Prescription and nonprescription medicines. It is Rural Development Policy to adopt the current HUD guidelines of allowing prescription and nonprescription medicines only if prescribed by a physician for a particular medical condition. The guidance is found in the HUD Occupancy Handbook, 4350.3 Rev-1, page 5-88, Exhibit 5-3.

## PAYMENT CENTER HIGHLIGHTS

### ARE YOU USING MINC?

It seems like only yesterday when the new RD regulations were released, time does pass quickly and the mandatory registration for MINC is just around the corner. As many of you may recall in our March, 2005, Multi-Family Housing News, there was an article about the mandatory conversion to MINC by February 24, 2006. **That article stated that for all complexes with 8 or more units, the conversion to and use of MINC by February 24, 2006 was mandatory.** If your complex does not have this capability, it is an allowable expense to hire an outside contractor to complete the transmissions. The MINC

web site address is: <https://usdaminc.sc.egov.usda.gov/>. If you need help with MINC registration and would like one-on-one training, please contact Frank, Linda, or Rachel for details. Following is their contact information:

Frank: (573) 876-9302 - [frank.classens@mo.usda.gov](mailto:frank.classens@mo.usda.gov)

Linda: (573) 876-9330 - [Linda.bray@mo.usda.gov](mailto:Linda.bray@mo.usda.gov)

Rachel: (573) 876-9307 - [rachel.hartman@mo.usda.gov](mailto:rachel.hartman@mo.usda.gov)

## LIFE MADE EASIER!!!!!!

Would you like to go to your computer and simply click a button to submit your monthly project payment? It can happen by using PAD (Pre-authorized Debit) or EFT (Electronic Funds Transfer). If you receive a Rental Assistance check and do not have to send in a paper check for your payment, EFT would benefit you. This allows us to deposit your Rental Assistance check into your checking account immediately instead of sending you a paper check that takes longer and can sometimes get lost in the mail. If you do send a paper check to make a payment, PAD can make this process easier as well. PAD allows us to deduct the amount of your payment from your checking account on the day and in the amount you approve each month. You are still in control, but just not writing a check that again can be late or lost in the mail. If you are interested in signing up for one or both of these programs please contact our office.

## TENANT TRANSMISSION NOTIFICATION

When you send a tenant transmission, you will receive a notification back that looks similar to the following:

On Sat, 19 Nov 2005 06:01:51 -0600 (CST)  
mfh2@stl.usda.gov writes:

**\*\*\*PLEASE DO NOT REPLY TO THIS MAILBOX\*\*\***

Your private comment will not reach the intended recipient.

Contact your local USDA servicing office for assistance.

Refer to your MINC web pages for transaction detail.

Tenant Mail Listing 11/19/2005 06:01

```
=====
Transaction Id:      XXXXXXXX
Project Name:       ABC COMPLEX INC.
Unit Id:            02
Tenant Action:      ASSIGN TENANT SUBSIDY
Effective Date:     20051101
Status:             REJECTED (SYSTEM REJECT)
Tenant household record not found
```

As stated in the above example, you should not reply back to the email that was sent to you as the mailbox that it goes back to is not monitored on a regular basis. In order for us to serve you timely, you should direct all questions regarding your tenant transactions to our office.

## MINC DEFINITIONS

Have you ever wondered what those messages mean that you get on your email from MINC after you have transmitted tenant information? Hopefully the following definitions will help.

## Transaction Status:

**Accepted** – the transaction has been accepted by the system.

**Pending** – the transaction has been sent to Pending status and must be reviewed by RD personnel to be accepted or rejected.

**Verify reported income/Verify reported net assets** –

The income/assets on the submitted action have changed from the last certification greater than expected. Verify that the income/assets were submitted correctly on the new certification. *\*When you receive this message the transmission is usually in pending. RD will review the transmission and determine if additional information is needed. If additional information is needed RD will call the complex. If the additional information is not needed RD will manually accept or reject the transmission.*

**Eligible tenant not receiving RA** – the tenant's adjusted annual income make the tenant eligible for rental assistance. *\*Check the pre-released worksheet in MINC for any unused Rental Assistance that needs to be assigned to rent overburdened tenants.*

**Rejected** – the transaction has been rejected by the system. There is normally an explanatory message attached with this notice.

**Tenant household record not found** – The tenant SSN transmitted does not match the SSN currently on file.

*\*When this message is received verify the SSN transmitted with the information in the tenants file and/or the information in the Rural Development file.*

**Tenant income too high for allotment of Rental**

**Assistance** – The tenant's income is too high to be eligible for Rental Assistance (RA). *\*When this message is received you will need to retransmit the tenant information changing the subsidy code to "0" No Tenant Subsidy.*

**Manually Accepted** – the transaction was accepted by RD manually.

**Manually Rejected** – the transaction was rejected by RD manually with an attached message.

Additional definitions are available on the MINC website. At the MINC home page, click on **HELP** (gray bar, left side of screen) then click on **View Transactions**. You will need to scroll down a couple of pages to find the definitions under **MINC error conditions and status messages**.

Hopefully this information helps you to understand the MINC System a little better. As always, please call us if you have questions.

**PLEASE SHARE OUR NEWS WITH YOUR  
SITE MANAGERS AND MAINTENANCE  
PERSONNEL**

"USDA is an equal opportunity provider, employer and lender." To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Ave., S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).